



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 5, 2000

Mr. Paul Spor
Tintic Utah Metals LLC
15988 Silver Pass Road
P.O. Box 51
Eureka, Utah 84628

Re: Request for Replacement Surety, Tintic Utah Metals, Apex/Burgin Mine, M/049/009, Utah County, Utah

Dear Mr. Spor:

On August 17, 2000, the Division received Tintic Utah Metals (Tintic) completed reclamation contract for the Burgin Mine. The reclamation contract was corrected from a previous submittal and now adequately addresses the disturbed area for which Tintic is responsible, after acquiring this mine property from Sunshine Mining Company.

In July 1998, Tintic provided a \$350,000 surety bond (#) to the Division which was issued by Frontier Insurance Company (Frontier). We have held this bond as an "interim" surety until the existing permit could be transferred and/or until a new permit application was filed and approved. In the process of finalizing the permit transfer process, we performed a routine check on the financial stability of Frontier and discovered that the financial status of this insurance company has become questionable. We confirmed that in 1999 Frontier had maintained an A+ (excellent) Secure Rating, but as of June 1, 2000, its rating had dropped to a C++ (Marginal) Vulnerable Rating. We have been advised by our legal counsel that we should no longer accept Frontier as a secure surety at this time. Therefore, the Division requests that Tintic locate an alternate surety company, or post a different form of surety, before we can issue final approval of this permit.

Please provide a new reclamation surety as soon as possible. We would like this action to be completed within the next 30-45 days if possible. This is an unfortunate situation that neither of us could have predicted. We would like to work through this as expeditiously as possible. Thank you for your continued cooperation. If you have any questions regarding this letter, please contact me at 538-5286 or Tom Munson at 538-5321.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

jb

cc: Kurt Steel, AG's office
Mary Ann Wright, DOGM
M49-09-ltr.wpd